

AMENDMENTS TO THE SPECIFICATION:

Please amend the first paragraph on page 13 as follows:

An example of an arrangement of electrodes constituting one of pixels on the TFT substrate of the IPS system is shown in FIG. 7A and FIG. 7B. Referring to FIG. 7A, the display pixel is constructed with a scan line 502, a signal line 103, a common electrode 106, a TFT 503 as a switching element and a pixel electrode 104, all of which are connected to external drive circuits. In FIG. 7B, which is a cross section taken along a line H-H in FIG. 7A, the common electrode 106 is formed on a glass substrate 102 (having a surface 102' which may include surface irregularities) on the TFT side and the pixel electrode 104 and the signal line 103 are formed above the common electrode 106 through a gate insulating film 130. The pixel electrode 104 and the common electrode 106 are arranged alternately. These electrodes are covered by a protective insulating film 110 and an alignment layer 120 on the TFT substrate, which is necessary for aligning molecules of liquid crystal 107, is formed on the protective insulating film 110 by painting and rubbed. The TFT substrate 100 is formed in this manner.

Please amend the second paragraph on page 13 as follows:

A matrix shaped light shield film 203 having opening areas 233 is provided on an opposing glass substrate 101 (having a surface 101' which may include surface irregularities), which becomes the CF substrate, and a color layer 142, which is necessary for color display, is formed on the light shield film 203. On the color layer 142, a leveling layer 202, which is necessary for flattening an upper surface of the opposing substrate, is provided and an alignment layer 122 on the opposing substrate side, which is necessary for aligning molecules of the liquid crystal 107, is formed on the leveling layer 202 by painting and rubbed. The rubbing direction is opposite to the rubbing direction of the alignment layer 120 on the TFT substrate 100. The CF substrate 200 is formed in this manner.